



STATE OF DELAWARE  
PUBLIC SERVICE COMMISSION  
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MEMORANDUM

June 10, 2019

TO: The Chairman and Members of the Commission

FROM: Joshua Bowman, Public Utility Analyst

SUBJECT: IN THE MATTER OF THE APPLICATION OF CHESAPEAKE UTILITIES CORPORATION FOR APPROVAL TO IMPLEMENT A DISTRIBUTION SYSTEM IMPROVEMENT CHARGE TO BE EFFECTIVE JULY 1, 2019  
(FILED MAY 31, 2019 – PSC DOCKET NO. 19-0357)

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On June 14, 2018, the General Assembly and the Governor enacted 26 *Del. C.* § 315, which permits electric and natural gas utilities to implement a Distribution System Improvement Charge (“DSIC Rate”) during the period between full rate case proceedings. This DSIC Rate recovers a return on the electric or natural gas utility’s eligible capital improvements and its associated depreciation expenses.

This DSIC Rate can be adjusted semi-annually for eligible plant that was placed in service during the 6-month period ending two months prior to the effective date of the applied-for DSIC Rate. These filings can be made semi-annually at least 30 days prior to the effective date of either January 1 or July 1 of each year. An electric or natural gas utility calculates the DSIC Rate as a percentage of a customer’s electric or natural gas delivery or distribution charges and then adds this charge to the customer’s electric or natural gas utility bill. Between rate cases, the DSIC revenues are capped at 7.5% of the amount billed to customers under the Commission-approved rates and charges. However, the DSIC Rate increase applied by a utility company cannot exceed 5% within any 12-month period.

On May 31, 2019, Chesapeake Utilities Corporation (“Chesapeake”) filed an application to implement a DSIC Rate. Chesapeake is seeking the approval to implement a DSIC Rate of 0.29%

with an effective date of July 1, 2019. This DSIC Rate is based on net additional plant in the amount of \$567,688, and an associated semi-annual depreciation expense of \$8,519, placed into service during the six month period of November 1, 2018 through April 30, 2019.

The increase in the DSIC Rate is expected to result in an increase of the bill of an average Residential customer by approximately \$0.08 per month compared to rates currently in effect.

Staff recommends that the Commission permit this DSIC Rate to become effective July 1, 2019, provided this DSIC Rate shall remain subject to Staff's review, audit, and an annual reconciliation based upon the 12-month period ending December 31, 2019.